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SENSITIVE  
SIPDIS

STATE PASS TO USTR FOR CHRIS WILSON, JASON BUNTIN  
STATE PASS TO DOC FOR STEVEN GARRETT  
DEPT FOR NEA/ARP, EB/TPP/BTA, E FOR U/S ROBERT HORMATS

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SUBJECT: AUSTR CHRIS WILSON VISIT TO SAUDI ARABIA

REF: A. 09 RIYADH 524  
[1](#)B. 09 RIYADH 575  
[1](#)C. 09 RIYADH 789  
[1](#)D. 09 RIYADH 793  
[1](#)E. 09 RIYADH 982  
[1](#)F. 09 JEDDAH 297  
[1](#)G. 09 RIYADH 1202  
[1](#)H. 09 RIYADH 1366  
[1](#)I. 09 RIYADH 1375

#### Summary

[1](#)1. (SBU) Assistant U.S. Trade Representative for Europe and the Middle East Chris Wilson visited Riyadh October 16 to 20 at the invitation of Deputy Minister of Commerce and Industry Abdullah Al-Hamoudi. In all of his meetings, Wilson delivered the clear message that the U.S. government recognizes Saudi Arabia's significant progress on IPR protection and awareness. Wilson also said the USG would like to see Saudi Arabia make the improvements necessary to move beyond the Special 301 process and towards a more mature trade relationship. Wilson candidly requested assistance in addressing the challenge of how to recognize Saudi Arabia's progress while taking into account high piracy rates, particularly in the area of copyright protection. He noted specific action on imposing deterrent penalties on copyright violators, actions to support a legal market, like software audits, and reports on SAG actions to date would help Saudi Arabia make a case for removal from the Watch List. This dilemma was understood and many responded with concrete examples of progress on copyright, patent, and trademark protection which will be submitted by November 23 for inclusion in the Special 301 Out-of-Cycle Review. Several interlocutors requested USG and industry training and technical assistance. The Saudis are eager to have their hard work acknowledged and to move our trade and investment dialogue to a more positive framework. End summary.

[1](#)2. (SBU) During his recent five-day visit to the Kingdom, AUSTR Chris Wilson met with several Saudi government officials and industry representatives, including:

- Minister of Commerce and Industry Abdullah Alireza
- Minister of Culture and Information Abdulaziz Al-Khoja
- Chairman of the Board of Grievances Ibrahim Al-Hogail
- Saudi Arabian General Investment Authority (SAGIA) Governor Amr Al-Dabbagh (septel)
- King Abdulaziz City for Science and Technology (KACST) President Mohammed Al-Suwaiyel
- Saudi Food and Drug Authority (SFDA) President Mohammed Al-Kanhal

-- Director General of the Saudi Customs Authority Saleh Al-Khilewy (septel)  
-- Saudi Arabia Standards Organization (SASO) Governor Nabil Molla  
-- Assistant Secretary for Economic Affairs at the Gulf Cooperation Council (GCC) Mohammed Al-Mazrouy (septel)  
-- Gulf Standards Organization (GSO) Director Anwar Al-Abdullah  
-- Deputy Minister of Culture and Information Abdulrahman Al-Hazzaa  
-- Deputy Minister of Agriculture Dr. Abdullah Al-Obaid  
-- Intellectual Property experts from the Ministry of Commerce and Industry  
-- Pharmaceutical Industry representatives  
-- Copyrights holders representatives

#### Beyond Special 301, Towards a Knowledge Economy

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¶3. (SBU) Saudi officials, including the Ministers of Commerce, and Culture and Information, stressed the importance of the U.S.-Saudi trade relationship, though expressed concern over the decline in U.S. investment in the Kingdom relative to other countries (septel). Minister of Commerce and Industry Alireza called for the Trade and Investment Framework Agreement (TIFA) talks to be held at the ministerial level to elevate the trade relationship. The next TIFA meeting will likely be held next year in Saudi Arabia. Alireza expressed interest in meeting USTR Ambassador Kirk at the earliest possible opportunity, either at the TIFA talks in Saudi Arabia or on the margins of upcoming trips to the U.S.

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¶4. (SBU) The Ministers of Commerce and Culture, as well as the SAGIA Governor, framed our bilateral work on IPR protection within the context of their long-term commitment to implementing King Abdullah's vision to develop a knowledge-based economy. Minister of Commerce Alireza said he was focused on developing "software more than hardware," meaning he is concentrating on education, training, and knowledge to grow Saudi Arabia's economy. Removal from the 301 Watch List would be one step towards fulfilling their longer-term commitment to the King. Several officials, including the Chairman of the Board of Grievances, emphasized the religious implications of IPR violations, which are considered "haram" or forbidden in Islam as they constitute theft.

#### Copyright Protection

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¶5. (SBU) Several Saudi officials understood the importance of implementing a software audit to ensure they are in compliance with Saudi law. The Commerce Ministry has selected a company to modernize and upgrade its information technology capacity -- a process which includes an audit to ensure the Ministry's software is licensed. The Ministry of Culture and Information has committed to working with the Commerce Ministry to conduct and publicize its own audit. The Commerce and Culture Ministries intend to use their audit experiences to encourage other ministries to conduct their own audits.

¶6. (SBU) Wilson emphasized the importance of the Saudi government's referring a copyright case to the Board of Grievances, the Kingdom's highest court capable of sentencing violators to imprisonment, in his meetings with the Minister and Deputy Minister of Culture and Information. Deputy Minister Al-Hazzaa said that the Violations Review Committee (VRC), which he chairs, understands that pirates will only reduce their activities once they perceive a real threat of punishment. In that regard, the VRC is working towards referring a case to the Board, as demonstrated by the recent decisions to fine two violators the maximum penalty (100,000

SAR each). Al-Hazzaa said this thorough approach would improve the chances that an offender would receive a sentence from the Board of Grievances that would actually serve as a deterrent because it will demonstrate that the VRC left no stone unturned.

17. (SBU) Al-Hazzaa said the number of raids, street inspectors, public awareness campaigns, and VRC cases had increased significantly in the past year, an indication of how serious his ministry is about IPR enforcement and awareness. As a new member of the Riyadh City Council, Al-Hazzaa said he discussed greater cooperation between his Ministry and the police, Interior Ministry, and other security forces on copyright protection. Al-Hazzaa reiterated his need for support from the private sector, specifically in updating the ministry's website, training and deploying inspectors, and raising awareness.

#### Patent Protection -----

18. (SBU) Pharmaceutical industry representatives lauded the King's approval of the Exclusive Marketing Rights agreement (septel) and noted progress on data exclusivity protection, specifically the June data protection workshop held in Riyadh. The President of the Saudi Food and Drug Authority (SFDA), the regulatory body responsible for data protection, said his organization would continue to work on data exclusivity issues and looks forward to attending the next workshop, to be held in Riyadh in November. Although industry representatives were withholding ultimate judgment on the newly-formed SFDA's capacity, they applauded the SFDA's outreach to industry to date, noting that the SFDA accepted 80 percent of industry's input when developing their regulatory framework. SFDA has also officially recognized PhRMA, which Wilson noted is a significant step.

#### Trademark Protection -----

19. (SBU) The Ministry of Commerce and Industry reported significant progress in trademark protection since the

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trademark law was passed in 1999. The maximum fine has increased from 50,000 SAR to 1 million SAR, the number of inspectors has grown from 60 to 400, and the number of branches has expanded from 18 to 28. In partnership with the Customs Authority, the Commerce Ministry's Department for Prevention of Commercial Fraud reports it has brought 361 cases to the court and seized 22,000 spare parts in the past nine months. The Department requested USG assistance in alerting the Customs Authority of counterfeit shipments destined for the Kingdom.

#### Judicial Capacity -----

10. (SBU) The Chairman of the Board of Grievances emphasized his court's strong, faith-based commitment to IPR protection, and said he had "no doubt" the Saudi judiciary could protect investors' rights. The Board has led by example, conducting its own 1.5 million SAR audit through Microsoft to ensure its software is fully-licensed. The Board also screens the websites it uses to order legal publications to ensure they are fully-licensed. The Chairman said the Board is committed to training its judges on IPR protection and values the training the U.S. has conducted to date. The Board members "could not underscore more" how interested they are in additional training in the U.S. They could send 10 to 12 judges to "see the U.S. judicial system at work" to a course tailored to their needs and conducted in Arabic. They stressed the importance of Arabic translation in any training program.

#### Origin Labeling Requirements

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¶11. (SBU) Wilson discussed industry's need for clarification on origin labeling requirements with the Customs Authority and the GCC Secretariat (septels). Al-Hamoudi suggested creating a mechanism within the TIFA for trade facilitation issues to include representatives from the Saudi Ministry of Commerce and Industry, Customs Authority, Ministry of Finance, and SFDA.

Government Procurement  
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¶12. (SBU) Wilson told Al-Hamoudi that the USG would like to see Saudi Arabia accede to the Government Procurement Agreement (GPA) of the WTO, as committed at the time of the Kingdom's WTO accession. The Department of Commerce is prepared to provide technical assistance by hosting a workshop, and Al-Hamoudi said his Ministry was working on potential dates for the event. Al-Hamoudi welcomed the bilateral cooperation and said he would suggest it as an activity under the bilateral TIFA. The Saudis are conducting an internal evaluation in parallel to determine the benefits of joining the GPA, and Al-Hamoudi emphasized that bilateral technical assistance was different from cooperation in the multilateral fora of the WTO.

Comment  
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¶13. (SBU) AUSTR Wilson's positive and constructive tone was warmly received by all of his Saudi interlocutors, who responded with concrete examples of progress made and candid requests for assistance. Indeed, a few key Saudi IPR leaders have worked very hard to make significant progress on the IPR front in a very short period of time and are eager to be recognized. A proverbial light at the end of the 301 tunnel would go a long way towards reinvigorating the select, and very essential, few leaders needed to continue to make progress on trade issues. The Saudis are under significant pressure to reach the King's ambitious economic and development goals, and they are eager to partner with the USG and industry to do so.

¶14. (U) AUSTR Chris Wilson cleared on this cable.  
SMITH